

1-1 By: Huffman S.B. No. 1827  
1-2 (In the Senate - Filed March 11, 2009; March 20, 2009, read  
1-3 first time and referred to Committee on Transportation and Homeland  
1-4 Security; March 31, 2009, reported favorably by the following  
1-5 vote: Yeas 8, Nays 0; March 31, 2009, sent to printer.)

1-6 A BILL TO BE ENTITLED  
1-7 AN ACT

1-8 relating to the private disposition of used motor vehicles at  
1-9 certain auto auctions conducted by independent motor vehicle  
1-10 dealers.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Subchapter B, Chapter 503, Transportation Code,  
1-13 is amended by adding Section 503.040 to read as follows:

1-14 Sec. 503.040. PRIVATE DISPOSITION OF COLLATERAL BY AUTO  
1-15 AUCTION. The sale by a secured party acting under Chapter 9,  
1-16 Business & Commerce Code, of collateral consisting of a used motor  
1-17 vehicle at an auction conducted by an independent motor vehicle  
1-18 dealer constitutes a private disposition under that chapter for all  
1-19 purposes if:

1-20 (1) neither the debtor nor the secured party is  
1-21 permitted to bid on the vehicle; and

1-22 (2) there is no advertisement or public notice  
1-23 preceding the sale that specifically describes the collateral other  
1-24 than inclusion of the vehicle in a list of used motor vehicles being  
1-25 offered for sale at the auction that is made available to potential  
1-26 bidders prior to the sale.

1-27 SECTION 2. The change in law made by Section 503.040,  
1-28 Transportation Code, as added by this Act, applies only to a sale of  
1-29 collateral that occurs on or after the effective date of this Act.  
1-30 A sale that occurs before the effective date of this Act is governed  
1-31 by the law applicable to the sale immediately before the effective  
1-32 date of this Act, and that law is continued in effect for that  
1-33 purpose.

1-34 SECTION 3. This Act takes effect September 1, 2009.

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